

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of the Application of	)	Docket No. 07-035-93
Rocky Mountain Power for Authority to	)	
Increase Its Retail Electric Service Rate in	)	Rebuttal Testimony of
Utah and for Approval of Its Proposed	)	Randall J. Falkenberg
Electric Service Schedules and Electric	)	On Behalf of the
Service Regulations, Consisting of a	)	Utah Committee of
General Rate Increase of Approximately	)	Consumer Services
\$161.2 Million Per Year, and for Approval	)	
Of a New Large Load Surcharge	)	

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May 9, 2008

**DIRECT TESTIMONY OF RANDALL J. FALKENBERG**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

**A.** Randall J. Falkenberg, PMB 362, 8351 Roswell Road, Atlanta, Georgia 30350. I am the same Randall J. Falkenberg who pre-filed direct testimony in this docket on April 7, 2008.

**Q. WHAT IS THE PURPOSE OF THIS REBUTTAL TESTIMONY?**

**A.** I will comment on the direct testimony of Division of Public Utilities (Division) witness James Dalton, concentrating on his adjustment related to planned outages in GRID.

**Q. PLEASE SUMMARIZE YOUR COMMENTS REGARDING MR. DALTON'S PLANNED OUTAGE ADJUSTMENT.**

**A.** Mr. Dalton and the Division have also identified planned outages as an important issue in this case. Mr. Dalton seems to agree with my point that Rocky Mountain Power's (Company) assumed "normalized" outage schedule conflicts with actual practice in prior years. I discuss in this testimony where Mr. Dalton and I agree and where we differ in development of a proper normalized outage schedule. In the end, I continue to strongly recommend the outage schedule I put forth in my direct testimony because it is more realistic and better matches actual practice.

**Q. COMPARE THE AMOUNT OF THE PLANNED OUTAGE ADJUSTMENTS AS PROPOSED BY MR. DALTON AND YOURSELF.**

**A.** Mr. Dalton's proposed adjustment amounts to \$4.36 million on a total Company basis, or approximately \$1.835 million on a Utah basis. My adjustment is \$10.99 million total Company, or \$4.63 million on a Utah basis. This is a very

30 significant difference considering we are both sponsoring the same type of  
31 adjustment. I will demonstrate that Mr. Dalton's adjustment does not capture the  
32 full extent to which the Company's proposed planned outage schedule departs  
33 from actual practice.

34 **Q. IN WHAT WAYS ARE YOU AND MR. DALTON IN AGREEMENT?**

35 A. We both have concluded that the outage schedule proposed by the Company is at  
36 odds with historical practice, as well as outages actually planned for the test year.  
37 Mr. Dalton identified the fact that many of the planned outages in GRID fall  
38 outside of the Company's preferred window, and were scheduled during times  
39 when planned outages have not historically occurred. For example, both Mr.  
40 Dalton and I proposed moving the Hunter plant outages from January, until later  
41 in the year. Mr. Dalton and I both removed all planned outages for coal units  
42 from February as well.

43 **Q. EXPLAIN WHY YOU CONSIDER THIS TO BE IMPORTANT.**

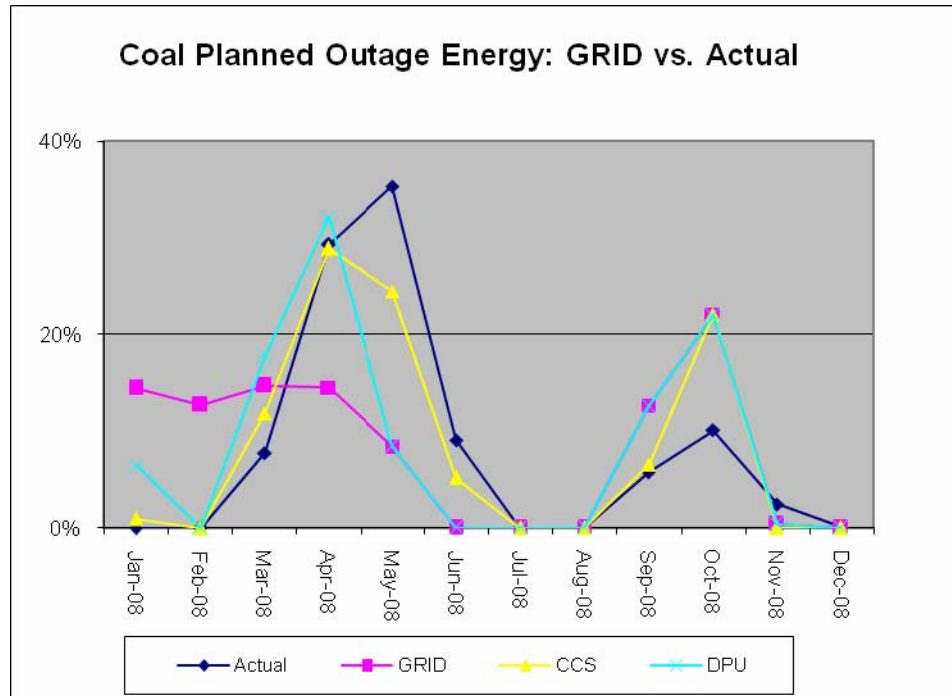
44  
45 A. January is a high cost, high load month with cold weather that is not compatible  
46 with performing scheduled maintenance. According to documentation provided  
47 by the Company open design, high altitude plants (all coal plants fall into this  
48 designation) should avoid planned outages in cold weather months. Further, high  
49 cost months are to be avoided as well.

50 **Q. IN WHAT WAYS DOES YOUR PROPOSED PLANNED OUTAGE**  
51 **SCHEDULE DIFFER FROM MR. DALTON'S?**  
52

53 A. The figure below compares the planned outage schedule I used to the one  
54 proposed by Mr. Dalton. It is comparable to the chart I presented in my direct  
55 testimony comparing planned outage assumptions to actual history. The chart

shows the percentage of annual planned outage energy for coal plants that occurs during each month of the year under the different assumptions in this case. The actual planned outage schedule for the four-year period ending June 30, 2007 is shown for comparison purposes, as is the Company's proposed outage schedule.

**Figure 1**



In developing my proposed schedule, I tried to follow the Company's historical schedule of outages as closely as practical, while avoiding excessive "overlaps" and without exceeding historical averages for capacity on outage during any given week. As the figure shows, Mr. Dalton and I differ in some key respects. First, I removed all coal plant outages from January, while Mr. Dalton's schedule still has about 6% of coal outage energy occurring in January. I removed all coal outages from January because the Company has had no coal units on planned outages in that month during the last four years. In fact, I have obtained data for all PacifiCorp coal plant planned outages from 1990 to present. Based on this data,

71 the Company has never started a planned outage for a coal plant in January, since  
72 the PP&L and UP&L merger. See Exhibit CCS 4.1R for a complete summary of  
73 planned outages since 1990. As these figures show, Mr. Dalton's adjustment does  
74 not completely correct the problems with the Company's proposed outage  
75 schedule.

76 **Q. WHERE ELSE DO YOU AND MR. DALTON DIFFER?**

77  
78 **A.** As the figure above shows, Mr. Dalton places more maintenance in March than I  
79 did. His March outage energy also exceeds the actual four-year average, as does  
80 the Company's assumptions. Likewise, his April outage energy is slightly more  
81 than I assumed and more than the historical level and the Company's assumed  
82 outage schedule as well.

83 Mr. Dalton shows substantially less outage energy in May and June, than I  
84 do, and his figures are well below the four-year average. His figures for those  
85 months are essentially the same as the Company's. As the figure above shows, it  
86 is quite unrealistic to assume that only about 10% of planned outage energy  
87 would occur in May, and none in June. Both the Division and Company outage  
88 schedule suffer from this defect.

89 In the fall outage window, Mr. Dalton closely tracks the Company outage  
90 plan, and shows more outages in this period than I did. The historical outages in  
91 the fall period I used track the historical figures better for September. As the  
92 figure above shows, September is a month where very little planned outage  
93 energy has been scheduled in the past. Further, Exhibit CCS 4.1R shows that  
94 only 7% of all coal unit planned outages from 1990 started in September.

95 **Q. ARE THERE ANY OTHER DIFFERENCES BETWEEN THE OUTAGE**  
96 **SCHEDULE YOU PROPOSED AND THAT OF MR. DALTON?**

97  
98 A. Another area where we differed concerned overlaps. Because the Company has  
99 limited resources available, there is a limit on how many units can have outages at  
100 the same time. Generally the Company will not schedule more than one unit at a  
101 plant to be on outage at a time. It appears that the outage schedule used by Mr.  
102 Dalton does show an overlap of more than one week for Naughton and a few days  
103 for Hunter. In both cases, more than one unit at the plant was off-line at the same  
104 time.

105 **Q. PLEASE DESCRIBE ANY DIFFERENCES IN PLANNED OUTAGE**  
106 **SCHEDULES ASSOCIATED WITH THE CURRANT CREEK AND**  
107 **LAKESIDE PLANTS.**

108  
109 A. Mr. Dalton appears to have accepted the Company's schedule for the Currant  
110 Creek and LakeSide combined cycle units. The Company modeled both of these  
111 units on outage in the fall. This is suboptimal as compared to spring outages. In  
112 prior as well as projected future outages the Company has used both spring and  
113 fall outages for theses plants. Therefore, I placed one plant on outage in the  
114 spring and the other in the fall in my proposed schedule.

115  
116 **Q. BASED ON THIS ANALYSIS DO YOU STILL RECOMMEND THE**  
117 **PLANNED OUTAGE SCHEDULE ADJUSTMENT YOU PROPOSED IN**  
118 **YOUR DIRECT TESTIMONY?**

119  
120 A. Yes. Although, Mr. Dalton's proposal is an improvement over that of the  
121 Company, I believe my proposed schedule much more closely matches actual  
122 practice and I continue to strongly recommend it be adopted by the Commission.

123 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

124 A. Yes.